

Senate Bill No. 1490

CHAPTER 298

An act to amend Sections 5092, 5094.6, and 5096.12 of the Business and Professions Code, relating to professions and vocations, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 23, 2010. Filed with
Secretary of State September 24, 2010.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1490, Committee on Business, Professions and Economic Development. Accountants.

Existing law provides for the licensure and regulation of accountants by the California Board of Accountancy in the Department of Consumer Affairs. Existing law authorizes a certified public accounting firm that is authorized to practice in another state and that does not have an office in this state to engage in the practice of public accountancy in this state through the holder of a practice privilege, subject to specified requirements. Existing law authorizes the board to discipline the firm for any act that would be grounds for discipline against a holder of a practice privilege. Those provisions become inoperative on January 1, 2011.

This bill would extend the operative date of those provisions indefinitely, and would make a conforming change.

Existing law requires the board to hold a hearing, no later than September 1, 2010, on the report by the California Research Bureau regarding the Uniform Accountancy Act's 150-hour rule, and to make recommendations, based on that report, as specified.

This bill would instead require the board to hold that hearing no later than 6 months following the issuance of that report.

This bill would declare that it is to take effect immediately as an urgency statute.

The people of the State of California do enact as follows:

SECTION 1. Section 5092 of the Business and Professions Code is amended to read:

5092. (a) To qualify for the certified public accountant license, an applicant who is applying under this section shall meet the education, examination, and experience requirements specified in subdivisions (b), (c), and (d), or otherwise prescribed pursuant to this article. The board may adopt regulations as necessary to implement this section.

(b) An applicant for the certified public accountant license shall present satisfactory evidence that the applicant has completed a baccalaureate or higher degree conferred by a college or university, meeting, at a minimum, the standards described in Section 5094, the total educational program to include a minimum of 24 semester units in accounting subjects and 24 semester units in business related subjects. This evidence shall be provided prior to admission to the examination for the certified public accountant license, except that an applicant who applied, qualified, and sat for at least two subjects of the examination for the certified public accountant license before May 15, 2002, may provide this evidence at the time of application for licensure.

(c) An applicant for the certified public accountant license shall pass an examination prescribed by the board pursuant to this article.

(d) The applicant shall show, to the satisfaction of the board, that the applicant has had two years of qualifying experience. This experience may include providing any type of service or advice involving the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills. To be qualifying under this section, experience shall have been performed in accordance with applicable professional standards. Experience in public accounting shall be completed under the supervision or in the employ of a person licensed or otherwise having comparable authority under the laws of any state or country to engage in the practice of public accountancy. Experience in private or governmental accounting or auditing shall be completed under the supervision of an individual licensed by a state to engage in the practice of public accountancy.

(e) This section shall become inoperative on January 1, 2014, but shall become or remain operative if either the educational requirements in ethics study and accounting study established by subdivision (b) of Section 5094, Section 5094.5, and Section 5094.6 are reduced or eliminated or if the practice privilege requirements of Sections 5096 to 5096.15, inclusive, are amended or repealed.

(f) The amendment to Section 5096.12 made by the act adding this subdivision shall not be deemed an amendment of that section for purposes of subdivision (e).

SEC. 2. Section 5094.6 of the Business and Professions Code is amended to read:

5094.6. (a) No later than June 1, 2012, the committee shall recommend to the board ethics study guidelines consisting of no less than 10 semester units to be included as a part of the education required under Section 5093. Ethics study may consist of academic courses, portions of courses, or independent study offered by degree-granting universities, colleges, or other institutions of learning accredited by a regional or national accrediting agency. Nothing herein shall be deemed inconsistent with prevailing academic practice regarding completion of units.

(b) No later than January 31, 2013, the board shall adopt, by regulation, the ethics study recommendations made by the committee pursuant to subdivision (a) without substantive changes. The committee shall issue a

report during the public comment period and, no later than 30 days after the regulations are final, shall offer an opinion as to whether the regulations will implement its recommendations.

(c) The board shall, no later than January 1, 2012, by regulation, adopt guidelines for accounting study to be included as part of the education required under Section 5093. In promulgating these regulations, the board shall consider the views of the Accounting Education Advisory Committee established under Section 5094.7.

(d) No later than six months following the issuance of the report by the California Research Bureau regarding the Uniform Accountancy Act's 150-hour rule, the board shall hold a hearing on the report. At the hearing, the board shall make recommendations, based on that report, to the National Association of State Boards of Accountancy and the American Institute of Certified Public Accountants for ensuring the relevancy of accountancy education to the modern practice of accounting and shall approve a plan for the board to seek the adoption of those recommendations and any others the board may recommend related to enforcement and Internet disclosure.

(e) For purposes of this section, the following definitions shall apply:

(1) Except as provided in subdivision (c), "committee" means the Advisory Committee on Accounting Ethics Curriculum established under Section 5094.5.

(2) "Ethics study guidelines" means the guidelines for the study of ethics adopted for California by the committee and the board consisting of a program of learning that provides students with a framework of ethical reasoning, professional values, and attitudes for exercising professional skepticism and other behavior that is in the best interest of the investing and consuming public and the profession. At minimum, it includes academic work or independent study and shall include a foundation for ethical reasoning and the core values of integrity, objectivity, and independence consistent with the International Education Standards-4 of the International Accountants Education Standards Board, the International Federation of Accountants Code of Ethics, and the American Institute of Certified Public Accountants Code of Professional Conduct.

(3) "Accounting study" means independent study or other academic work in accounting, business, ethics, business law, or other academic work relevant to accounting and business, so as to enhance the competency of students as practitioners.

SEC. 3. Section 5096.12 of the Business and Professions Code is amended to read:

5096.12. (a) A certified public accounting firm that is authorized to practice in another state and that does not have an office in this state may engage in the practice of public accountancy in this state through the holder of a practice privilege provided that:

(1) The practice of public accountancy by the firm is limited to authorized practice by the holder of the practice privilege.

(2) A firm that engages in practice under this section is deemed to consent to the personal, subject matter, and disciplinary jurisdiction of the board with respect to any practice under this section.

(b) The board may revoke, suspend, issue a fine pursuant to Article 6.5 (commencing with Section 5116), or otherwise restrict or discipline the firm for any act that would be grounds for discipline against a holder of a practice privilege through which the firm practices.

SEC. 4. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

To ensure that individuals engaging in certain professions and vocations are adequately regulated in order to protect and safeguard consumers and the public in this state, it is necessary that this act take effect immediately.